

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 IO-10 AGR-10 CEA-01 CIAE-00

DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 FEAE-00 OMB-01

XMB-04 /129 W

----- 015044

R 141712Z MAY 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1124

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDOC WASHDC

UNCLAS SECTION 01 OF 02 LONDON 07327

DEPARTMENT PASS TREASURY AND FRG

E.O. 11652:N/A

TAGS: EFIN, UK

SUBJECT: UK TRADE AND CURRENT ACCOUNT IN APRIL

REF: LONDON 5641

BEGIN SUMMARY: AS ANTICIPATED, THE UK DID NOT MAINTAIN THE SURPLUS ON CURRENT ACCOUNT WITNESSED IN MARCH. IN APRIL, THE CURRENT ACCOUNT WAS IN DEFICIT BY 169 MILLION POUNDS (S.A.) ALMOST IDENTICAL TO THE FEBRUARY LEVEL. THE TURN-AROUND OF 171 MILLION POUNDS IS IN PART ATTRIBUTED TO THE PORT OF LONDON DOCK STRIKE IN MARCH WHICH, BECAUSE OF STATISTICAL REPORTING PROCEDURES, WAS REFLECTED IN THE UNCLASSIFIED

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IMPORT FIGURES DURING MARCH, BUT DID NOT ENTER INTO THE

EXPORT DATA UNTIL APRIL. THE VISIBLE TRADE DEFICIT OF 289 MILLION POUNDS (S.A.) WAS COMPOSED OF A 213 MILLION POUND DEFICIT IN TRADE IN PETROLEUM AND PETROLEUM RELATED PRODUCTS AND A NON-OIL TRADE DEFICIT OF 76 MILLION POUNDS. PROVISIONAL ESTIMATES SHOW EXPORTS OF 1,366 MILLION POUNDS (S.A., F.O.B.) AND IMPORTS OF 1,655 MILLION POUNDS (S.A., F.O.B.). THE INVISIBLES BALANCE IS ESTIMATED TO HAVE BEEN IN SURPLUS BY 120 MILLION POUNDS. END SUMMARY

1. TRADE ACCOUNT. THE UK TRADE DEFICIT WAS RECORDED AT 289 MILLION POUNDS (S.A., F.O.B., B/P BASIS) IN APRIL, A DETERIORATION OF 171 MILLION POUNDS OVER THE MARCH LEVEL. THIS DETERIORATION WAS NOT UNEXPECTED, HOWEVER, DUE TO THE STATISTICAL ANOMALIES REPORTED IN PARA 1 OF REFTEL. THE DEFICIT WAS COMPOSED OF A DEFICIT IN PETROLEUM AND PETROLEUM RELATED PRODUCTS OF 213 MILLION POUNDS AND A DEFICIT IN NON-OIL TRADE OF 76 MILLION POUNDS (MINUS 206 AND PLUS 88 MILLION POUNDS RESPECTIVELY IN MARCH).

WHAT IS PERHAPS A MORE RELEVANT CONCEPT, GIVEN THE DISTORTION IN THE MARCH AND APRIL DATA, IS A COMPARISON OF THE LATEST THREE MONTHS AGGREGATE DATA WITH THAT OF THE PREVIOUS THREE MONTH PERIOD. OVER THE PERIOD FEBRUARY-APRIL 1975, THE CURRENT ACCOUNT WAS IN DEFICIT BY 337 MILLION POUNDS COMPARED TO 862 MILLION POUNDS DURING THE THREE MONTHS NOVEMBER 1974-JANUARY 1975. THE DEFICIT IN PETROLEUM RELATED TRADE WAS REDUCED FROM 904 MILLION POUNDS IN NOVEMBER-JANUARY TO 682 MILLION POUNDS IN FEBRUARY-APRIL. OF EVEN GREATER SIGNIFICANCE WAS THE REDUCTION IN THE NON-OIL DEFICIT FROM 331 MILLION POUNDS TO 15 MILLION POUNDS OVER THIS TIME PERIOD.

## 2. TRADE VOLUME AND TERMS OF TRADE:

-----UNIT VALUES-----

(B/P BASIS; 1970 EQUALS 100, N.S.A.)

EXPORTS   IMPORTS   TERMS OF TRADE

1975

|     |       |       |      |
|-----|-------|-------|------|
| JAN | 182.2 | 235.9 | 77.2 |
| FEB | 185.1 | 236.3 | 78.3 |
| MAR | 187.4 | 239.0 | 78.4 |
| APR | 191.0 | 239.4 | 79.8 |

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NOV 1974 THRU

|          |       |       |      |
|----------|-------|-------|------|
| JAN 1975 | 179.0 | 233.9 | 76.5 |
| FEB-APR  | 187.8 | 238.2 | 78.8 |

PERCENTAGE

|        |        |        |        |
|--------|--------|--------|--------|
| CHANGE | PLUS 5 | PLUS 2 | PLUS 3 |
|--------|--------|--------|--------|

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USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDOC WASHDC

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-----VOLUME-----

(B/P BASIS' 1970 EQUALS 100, S.A.)

EXPORTS      IMPORTS

1975

|     |       |       |
|-----|-------|-------|
| JAN | 136.4 | 127.5 |
| FEB | 126.6 | 123.9 |
| MAR | 131.0 | 119.7 |
| APR | 114.9 | 119.2 |

NOV 1974 THRU

|          |       |       |
|----------|-------|-------|
| JAN 1975 | 126.2 | 129.0 |
| FEB-APR  | 124.2 | 120.9 |

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## PERCENTAGE

CHANGE MINUS 1-1/2 MINUS 6-1/2

## 3. IMPORTS AND EXPORTS:

-----VISIBLE TRADE-----

(B/P BASIS, IN MILLIONS POUNDS, S.A.)

|      | EXPORTS<br>(FOB) | IMPORTS<br>(FOB) | BALANCE |
|------|------------------|------------------|---------|
| 1975 |                  |                  |         |
| JAN  | 1,562            | 1,837            | -275    |
| FEB  | 1,456            | 1,746            | -290    |
| MAR  | 1,540            | 1,658            | -118    |
| APR  | 1,366            | 1,655            | -289    |

NOV 1974 THRU

|          |       |       |       |
|----------|-------|-------|-------|
| JAN 1975 | 4,244 | 5,479 | -1235 |
| FEB-APR  | 4,362 | 5,059 | -697  |

## PERCENTAGE

CHANGE PLUS 3 MINUS 7-1/2

4. INVISIBLE TRADE AND CURRENT ACCOUNT. THE BALANCE ON SERVICES AND OTHER TRANSACTIONS IS ESTIMATED TO HAVE BEEN IN SURPLUS BY 120 MILLION POUNDS DURING APRIL. THUS, THE VISIBLE TRADE DEFICIT OF 289 MILLION POUNDS COMBINED WITH THE 120 MILLION POUND SURPLUS ON INVISIBLES YIELDED A DEFICIT ON CURRENT ACCOUNT OF 169 MILLION POUNDS.

CURRENT ACCOUNT

(MILLIONS OF POUNDS, S.A.)

BALANCE

|          |          |
|----------|----------|
| 1975     |          |
| JANUARY  | -155     |
| FEBRUARY | -170     |
| MARCH    | (PLUS) 2 |
| APRIL    | -169     |

|           |      |
|-----------|------|
| NOV-JAN   | -862 |
| FEB-APRIL | -337 |

5. THE CUMULATIVE TOTALS FOR 1975 IN THE VISIBLE ACCOUNT COMPARED TO 1974 ARE:

|              | EXPORTS | IMPORTS | BALANCE |
|--------------|---------|---------|---------|
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|      |       |       |        |
|------|-------|-------|--------|
| 1974 | 4,755 | 6,441 | -1,668 |
| 1975 | 5,924 | 6,896 | - 972  |

NOTE: ALL FIGURES ARE S.A., F.O.B., B/P BASIS, IN MILLIONS  
OF POUNDS. THE DATA INCLUDE PROVISIONAL ESTIMATES FOR  
APRIL 1975 AND REVISIONS FOR EARLIER MONTHS.

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